



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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(213) 974-1101
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October 7, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC SOCIAL SERVICES:
RECOMMENDATION TO APPROVE CURTAILMENTS TO
CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS
DIRECT SERVICES PROGRAMS
(ALL DISTRICTS AFFECTED) (3 VOTES)**

SUBJECT

Due to a serious budget shortage in the California Work Opportunity and Responsibility to Kids (CalWORKS) single allocation for Fiscal Year (FY) 2008-09 and projected need for curtailments in FY 2009-10, the Department of Public Social Services (DPSS) has identified curtailments to CalWORKs direct services in order to reduce expenditures while sustaining vital services to constituents.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and direct the Director of DPSS to implement curtailments to CalWORKs direct services programs:
 - a. Transitional Subsidized Employment (TSE) contract, \$2.4 million in FY 2008-09 and \$2.4 million in FY 2009-10;
 - b. Los Angeles County Office of Education (LACOE) Adult Schools Coordination Contract, \$353,752 in FY 2008-09 and \$800,000 in FY 2009-10;
 - c. Careers in Child Care contracts, \$800,000 in FY 2008-09 and \$1.6 million in FY 2009-10;

"To Enrich Lives Through Effective And Caring Service"

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Second District

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Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

- d. Community and Senior Services Domestic Violence administrative costs, \$125,000 in FY 2008-09;
- e. Community College CalWORKs coordination contracts, \$300,000 in FY 2008-09 and \$600,000 in FY 2009-10;
- f. Welfare-to-Work (WtW) Post Employment Services, \$1.1 million in FY 2008-09 and \$2.2 million in FY 2009-10;
- g. WtW Vehicle Diagnosis and Repair Program, \$500,000 in FY 2008-09;
- h. Housing Locator contracts, \$570,000 in FY 2008-09 and \$2.4 million in FY 2009-10;
- i. District Attorney services, \$1.8 million in FY 2008-09; and
- j. Chief Executive Office (CEO) Service Integration Branch CalWORKs Evaluation, \$1 million in FY 2008-09.

The above curtailments will result in an estimated savings totaling \$8 million in an effort to alleviate the projected CalWORKs single allocation deficit of \$36 million for FY 2008-09. Please see Attachment A for additional detail. The remainder of the deficit will be addressed through reduced staff and allocable costs within DPSS.

- 2. Delegate authority to the Director of DPSS, or his designee, to reduce effective November 1, 2008, the number of paid work experience and classroom training slots for FY 2008-09 and FY 2009-10 under the TSE program.
- 3. Find and approve that it is in the best interest of the County to terminate for convenience the CalWORKs support services program agreement with LACOE effective December 31, 2008.
- 4. Delegate authority to the Director of DPSS, or his designee, to send the required thirty-calendar day, prior written Notice of Termination to LACOE.
- 5. Find and approve that it is in the best interest of the County to terminate for convenience the Careers in Child Care training program contracts with the ten community colleges effective December 31, 2008. The individual colleges are listed in Attachment B.

6. Delegate authority to the Director of DPSS, or his designee, to send the required thirty-calendar day, prior written Notice of Termination to the ten community colleges.
7. Delegate authority to the Director of DPSS to execute amendments substantially similar to the attached amendment (Attachment C) to the Community College CalWORKs Coordination contracts with 13 community college districts (listed in Attachment D) to reduce the districts' staffing levels effective January 1, 2009, to achieve savings totaling \$300,000 for FY 2008-09. Approval of County Counsel and the CEO will be obtained prior to executing these amendments.
8. Find and approve that it is in the best interest of the County to terminate for convenience the Housing Locator Services contract with Del Richardson & Associates (DRA) effective December 15, 2008. Upon termination of the contract, the contractor may be entitled to receive a one-time retention fee and one-time landlord assistance fee for each family who was placed in affordable permanent housing within six months from the termination of the contract.
9. Delegate authority to the Director of DPSS, or his designee, to send required thirty-calendar day, prior written Notice of Termination to DRA.
10. Find and approve that it is in the best interest of the County to terminate for convenience the CalWORKs housing locator service component of the contract with Weingart Center Association (WGA) effective December 15, 2008. Upon termination of this component, the contractor may be entitled to receive a one-time retention fee and one-time landlord assistance fee for each family who was placed in affordable permanent housing within six months from the termination of this component. In the contract with WGA, the General Relief Component, which is \$200,000 for FY 2008-09, will remain in place.
11. Delegate authority to the Director of DPSS, or his designee, to send the required thirty-calendar day, prior written Notice of Termination to WGA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DPSS is faced with an estimated \$36 million CalWORKs single allocation budget deficit for FY 2008-09, and must drastically reduce its expenditures to preserve key services which are essential to our constituents. This budget deficit is the result of three primary factors:

1. The State has not funded cost of doing business increases since FY 2000-01; as a result, unavoidable cost increases in employee benefits, space, utilities, cost-of-living adjustments and other similar factors have eroded the actual level of available funding;
2. Development and implementation of a wide array of discretionary services to prevent and reduce homelessness among CalWORKs families has limited the funding available for welfare-to-work services and CalWORKs eligibility administration; and
3. Increased WtW participation in response to more stringent federal requirements has resulted in a substantial increase in direct service expenditures for child care, transportation, and vocational assessment which vary directly with the number of participants actively engaged in WtW activity.

The recommended curtailments (listed in Attachment A) are based on a careful and comprehensive review of the entire CalWORKs program. In collaboration with the CEO and the Board offices, DPSS identified \$28 million in curtailments in DPSS staffing levels and in departmental overhead. Unfortunately, these reductions were insufficient to cover all of the increased costs associated with providing CalWORKs direct services.

We identified services that are not State-mandated and sought to determine which curtailments would have the least adverse impact on CalWORKs families and on the achievement of the goals of the program. Although the process in deciding to curtail these non-State mandated programs was difficult, it was nevertheless necessary. These cuts achieve an estimated \$8 million in savings, which, when coupled with \$28 million in curtailments to DPSS staff and general overhead, are projected to close the current shortfall of \$36 million. It should be noted that this projected shortfall does not take into account any reduction in single allocation revenue that may result from the FY 2008-09 State budget. Particularly given the Governor's line-item veto of \$60 million in the CalWORKs single allocation, it appears certain that the County's single allocation will be substantially lower than assumed in the Adopted Budget. As a result, DPSS and the CEO may need to return to your Board with an additional set of proposed curtailments in CalWORKs direct services.

On September 19, 2008, DPSS provided the contractors impacted by these cuts with a notice informing them of the proposed curtailments for FY 2008-09. DPSS shared this notice with your Board offices and the CEO before sending it to the contractors.

In the notice, DPSS stated that the Department was faced with making many difficult choices and that cuts would be necessary throughout our operation. DPSS further stated that it greatly values each organization's contributions to the Los Angeles County CalWORKs program and regrets that the services each provides will be directly impacted by the curtailments being considered. DPSS concluded by thanking each agency for its commitment in serving CalWORKs participants, and for their collaboration and cooperation in addressing this very difficult budget situation.

Implementation of Strategic Plan Goals

The recommendations are consistent with the principles of the Countywide Strategic Plan Goal No. 4: Fiscal Responsibility, by strengthening the County's fiscal capability.

FISCAL IMPACT/FINANCING

The recommended curtailments would reduce estimated FY 2008-09 CalWORKs direct services expenditures by \$8 million, to bring the estimated costs within the level of the CalWORKs single allocation funding.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The CEO has reviewed this Board letter.

The County has the legal authority to implement all of the proposed curtailments. Specifically, the various contracts that are recommended for termination or reductions all grant the County the authority to terminate the contract, or reduce the contract amount.

IMPACT ON CURRENT SERVICES

The recommended action will reduce services to CalWORKs participants; however, the adverse impact will be less than other available alternatives.

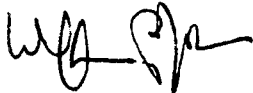
The recommended action will not infringe on the role of the County in relationship to its residents, and the County's ability to respond to an emergency will not be impaired. There is no change in risk exposure to the County.

Honorable Board of Supervisors
October 7, 2008
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CONCLUSION

The Executive Officer, Board of Supervisors, is requested to return one adopted, stamped Board letter to the Director of DPSS.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a stylized flourish at the end.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SRH:MS
GP:JB:cvb

Attachments

c: County Counsel
Executive Officer, Board of Supervisors
Department of Public Social Services

CURTAILMENTS TO CalWORKs DIRECT SERVICES PROGRAMS

PROGRAM	RECOMMENDATION	RATIONALE	REQUIRED ACTIONS	SAVINGS
Transitional Subsidized Employment	Reduce the number of paid work experience and classroom training slots effective November 1, 2008.	In light of the budget constraints and based on the availability of classroom training from other sources, the TSE program is being scaled back to reduce the number of paid work experience and classroom training slots.	Upon Board approval, notify contractor (City of Hawthorne) by early October 2008 of the reduction for FY 08-09 and for FY 09-10.	\$2.4 million for FY 08-09 and \$2.4 million for FY 09-10 (While the current FY 2008-09 Contract Amount is \$6.0 million the reduction is from the \$5.0 million adopted budget amount.)
LACOE Adult Schools Coordination Contract	Terminate effective December 31, 2008.	The elimination of this contract will reduce support to CalWORKs participants attending adult schools in districts other than LAUSD and will make it more difficult for DPSS to obtain monthly documentation of actual attendance as required by the Deficit Reduction Act of 2005. However, LACOE has advised DPSS that it does not want to maintain this contract after FY 2008-09 in any case.	Upon Board approval, provide a notice by November 30, 2008 to meet contractual 30-day notice requirement.	\$353,752 for FY 08-09 and \$800,000 for FY 09-10
Careers in Child Care Contracts (10 contracts)		The recommended curtailment is based on budgetary constraints, high cost per participant, modest completion rate, and the fact that community college classes in child development will remain available even with the elimination of this program.		\$800,000 for FY 08-09 and \$1.6 million for FY 09-10
Domestic Violence Program (Administrative Costs)	Reduce CSS administrative costs	CSS will be able to absorb this curtailment in its administrative oversight of CalWORKs Domestic Violence Services.	Upon Board approval, revise DSO.	\$ 125,000 for FY 08-09.

CURTAILMENTS TO CalWORKs DIRECT SERVICES PROGRAMS

PROGRAM	RECOMMENDATION	RATIONALE	REQUIRED ACTIONS	SAVINGS
Community College CalWORKs Coordination Contracts (13 contracts)	Reduce staffing effective January 1, 2009	The reduction will decrease the number of community college staff available to assist CalWORKs participants enrolled in community colleges. The remaining staff should be sufficient to continue assisting participants; however, the decrease may make it more difficult for DPSS staff to obtain progress reports.	Board-delegated authority to DPSS Director to execute amendment by November 30, 2008.	\$300,000 for FY 08-09 and \$600,000 for FY 09-10 (Current FY 2008-09 Contract Amount for all 13 Contracts – \$2.8 million)
Post-Employment Services	Reduce Post Employment Services from twelve (12) months to three (3) months for families who have left CalWORKs due to earnings from employment, unless the families continue receiving education/training or specialized supportive services.	Continuing to provide transportation and ancillary benefits for three (3) months will help former participants to stabilize their employment. These former CalWORKs families have higher incomes than current CalWORKs families who would be adversely impacted by any alternative curtailments to CalWORKs direct services.	Upon Board approval, revise program rules.	\$1.1 million for FY 08-09 and \$2.2 million for FY 09-10.
Vehicle Diagnosis and Repair Program	Suspend repair services for vehicles used by CalWORKs participants to commute to and from work or other welfare-to-work activities.	This non-mandated service helps CalWORKs participants to maintain welfare-to-work participation by paying for car repairs. Since this service involves one-time payments issued directly by DPSS, it can be suspended for the balance of FY 2008-09 and reinstated effective July 1, 2009.	Upon Board approval, suspend program for the remainder of FY 2008-09.	\$500,000 for FY 08-09 only.

**AMENDMENT NUMBER THREE
TO THE COMMUNITY COLLEGE CalWORKs PROGRAM AGREEMENT
BY AND BETWEEN COUNTY OF LOS ANGELES AND
ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**

Reference is being made to the document entitled "*Agreement By and Between County of Los Angeles and Antelope Valley Community College District for the Community College CalWORKs Program*," dated June 28, 2006 and further identified as County Contract Number CMD 020-06, Amendment Number One, dated September 27, 2007, Amendment Number Two dated February 20, 2008, Change Notice Number One, dated December 11, 2007, hereinafter referred to as "Agreement."

Effective upon the signature of the Director of the Department of Public Social Services, the Agreement is amended as follows:

- I. **TABLE OF CONTENTS, ATTACHMENTS, is revised to add Attachment B-1, Contract Budget.**
- II. **SECTION IV, MAXIMUM AMOUNT, is revised as follows:**

For the period July 1, 2006 through June 30, 2009, the maximum contract amount is four hundred twenty-four thousand one hundred sixteen dollars (\$424,116). COUNTY shall not be liable in any event for payment in excess of this maximum amount. The maximum contract amount for each fiscal year shall be as follows:

July 1, 2006 – June 30, 2007 = \$146,608
July 1, 2007 – June 30, 2008 = \$146,608
July 1, 2008 – June 30, 2009 = \$130,900

CONTRACTOR shall maintain a system of record keeping that will allow CONTRACTOR to determine when it has incurred seventy-five percent (75%) of the total contract authorization under this contract. Upon occurrence of this event, CONTRACTOR shall send written notification to DPSS at the address herein:

Department of Public Social Services
Contract Management Division
12900 Crossroads Parkway South, 2nd Floor
City of Industry, CA 91746-3411
Attn: Myhanh Duong, County Contract Administrator

CURTAILMENTS TO CalWORKs DIRECT SERVICES PROGRAMS

PROGRAM	RECOMMENDATION	RATIONALE	REQUIRED ACTIONS	SAVINGS
Housing Locator Contracts (2 contracts)	Terminate CalWORKs Housing Locator services effective December 15, 2008, and cease all new housing locator referrals effective October 15, 2008.	More than 95% of CalWORKs homeless families who secure permanent housing do so with no assistance from Housing Locator contracts, and the cost for each family placed by the Housing Locators is quite high.	Upon Board approval, notify DPSS homeless case managers to cease making referrals effective October 15, 2008, and provide a Notice of Termination by November 15, 2008 to meet the contractual 30-day notice requirement.	\$570,000 for FY 08-09 and \$2.5 million for FY 09-10.
District Attorney Services	Eliminate funding for District Attorney indirect costs.	The District Attorney will cease billing DPSS for indirect costs, and will therefore be able to maintain its current level of services.	Upon Board approval, revise DSOs.	\$1.8 million in FY 08-09. (The total reduction in DPSS funding for the DA will be \$1.8 million; however, only a portion of that reduction applies to the CalWORKs Single Allocation.)
Chief Executive Office (CEO) – Service Integration Branch (SIB) CalWORKs Evaluation	Suspend CalWORKs evaluation activity for FY 08-09.	In light of the budgetary situation, this activity can be suspended to prevent the discontinuance of direct services to participants.	Upon Board approval, revise DSO.	\$1 Million for FY 08-09.

CAREERS IN CHILD CARE CONTRACTS

Community Colleges (10)	Annual Maximum Contract Amount	FY 08-09 Reduction From 12/31/08 Contract Termination
Citrus	\$160,000	\$80,000
Compton	\$160,000	\$80,000
East Los Angeles	\$160,000	\$80,000
El Camino	\$160,000	\$80,000
Long Beach City	\$160,000	\$80,000
Los Angeles Mission	\$160,000	\$80,000
Los Angeles Southwest	\$160,000	\$80,000
Mount San Antonio	\$160,000	\$80,000
Rio Hondo	\$160,000	\$80,000
Santa Monica	\$160,000	\$80,000
TOTAL	\$1,600,000	\$800,000

The Director of the Department of Public Social Services and CONTRACTOR, through its authorized officer, has caused this Amendment Number Three to be executed on the _____ day of _____, 2008. The person(s) signing on behalf of CONTRACTOR warrants under penalty of perjury that he or she is authorized to bind CONTRACTOR.

COUNTY OF LOS ANGELES

By _____
Philip L. Browning, Director
Department of Public Social Services

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT

By _____
Name, Title
Address

**APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR., COUNTY COUNSEL**

By _____
Deputy County Counsel

COMMUNITY COLLEGE CalWORKs COORDINATION CONTRACTS

Community College District (13)	FY 08-09 Contract Amount	FY 08-09 Reduction
Antelope Valley	\$146,608	\$15,708
Cerritos	\$114,436	\$12,261
Citrus	\$ 66,920	\$ 7,170
Compton	\$172,620	\$18,495
El Camino	\$160,356	\$17,181
Glendale	\$243,572	\$26,097
Long Beach	\$260,820	\$27,945
Mt. San Antonio	\$109,396	\$11,721
Pasadena	\$113,288	\$12,138
Rio Hondo	\$ 70,448	\$ 7,548
Santa Clarita	\$ 22,008	\$ 2,358
Santa Monica	\$ 81,144	\$ 8,694
Los Angeles	\$1,238,384	\$132,684
TOTAL	\$2,800,000	\$300,000 (10.7%)